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FM AMEMBASSY SANTO DOMINGO
TO RUEHC/SECSTATE WASHDC PRIORITY 9421
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE PRIORITY
RUEHWN/AMEMBASSY BRIDGETOWN PRIORITY 2109
RUEHCV/AMEMBASSY CARACAS PRIORITY 0831
RUEHGE/AMEMBASSY GEORGETOWN PRIORITY 1018
RUEHKG/AMEMBASSY KINGSTON PRIORITY 2804
RUEHPO/AMEMBASSY PARAMARIBO PRIORITY 1150
RUEHPU/AMEMBASSY PORT AU PRINCE PRIORITY 4713
RUEHSP/AMEMBASSY PORT OF SPAIN PRIORITY 1851
RUEAIIA/CIA WASHINGTON DC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY
RUEHC/DEPT OF LABOR WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCPDO/USDOC WASHDC PRIORITY 1700
RUCOWCV/CUSTOMS CARIBBEAN ATTACHE MIAMI FL PRIORITY
RUEFHLC/HQS DHS WASHDC PRIORITY
RUMISTA/CDR USSOUTHCOM MIAMI FL PRIORITY

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TAGS: [PGOV](#) [ECON](#) [DR](#)
SUBJECT: PRESIDENTIAL CAMPAIGN: CANDIDATES WARM UP FOR THE
BIG GAME

¶1. (SBU) SUMMARY: With the presidential election only seven months away, candidates Leonel Fernandez and Miguel Vargas Maldonado are tapping into the Dominican passion for baseball. Both recently threw out ceremonial first pitches at Major League Baseball games in the United States, during trips in which they pursued votes and campaign contributions among the Dominican diaspora. President Fernandez and his ruling Dominican Liberation Party (PLD) continue to focus their campaign on reminding voters of the poor record in office from 2000 to 2004 of the opposition Dominican Revolutionary Party (PRD). The PRD's Vargas Maldonado is also hammering away at his opponent's record, arguing that the PLD talks a good game but delivers little. The PRD also alleges that Fernandez is abusing government resources for political ends, and that the President violated the constitution in seeking a \$130 million loan for public works. The PLD retorts that it has the goods on Vargas and his association with the Marbella scandal in Spain. Polling shows Fernandez leading Vargas by three-to-seven percent.
END SUMMARY.

A-ROD VS. PEDRO

¶2. (U) Officials from the PLD and PRD both recently told POLOFF that the Dominican people have two passions -- baseball and politics. It should therefore come as no surprise that the two leading presidential candidates visited Major League stadiums last month during visits to the U.S. President Fernandez threw out the first pitch at Yankee Stadium, then dined with New York star Alex Rodriguez. Vargas was the guest of honor at a Marlins-Mets game in Miami, where he shared center stage with pitcher Pedro Martinez. Both candidates spent a considerable amount of time in the U.S., where Dominican politicians traditionally seek campaign contributions and votes from the diaspora. Back in the Dominican Republic, Vargas held a campaign event where he received the public endorsement of Jose Rijo, winner

of the Most Valuable Player (MVP) award in the 1990 World Series. Adopting baseball's acronym, Vargas' campaign material frequently features the lettering "MVP" matched with the phrase "Miguel Vargas Presidente."

REMEMBER 2002

13. (U) In a country with widespread poverty, bread and butter issues will continue to dominate the presidential campaign. The PLD repeatedly reminds voters of the poor economic performance of the last PRD government (2000-2004), when a banking crisis led to a major economic downturn and a spike in unemployment. At a recent event, Fernandez focused on how the PLD stabilized the economy after taking office in 2004, and highlighted the fiscal and development setbacks he believes the country suffered under PRD rule from 1978-1986. The President said, "The Dominican economy always grows, except when the Dominican Revolutionary Party governs."

14. (SBU) In a meeting with ECOPOLCOUNS and POLOFF, Francisco Javier Garcia, the PLD's campaign director, addressed the PRD's attempts to redefine their image. Garcia argued that while Vargas has de-emphasized the PRD logo on his campaign material, the candidate is inextricably linked to the last administration's failures since he served in the cabinet as Minister of Public Works. Garcia reinforced the President's arguments regarding economic performance, treating EMBOFFs to a long series of statistics without referring to notes.

THE M.B.A. PRESIDENT

15. (SBU) One way in which the Vargas campaign seeks to differentiate itself from the poor economic management of the last PRD government is to emphasize their candidate's business experience. Vargas, a wealthy construction magnate, recently told the press that his campaign represents "modern management," which he contrasted with what he termed the PLD's "improvisation." This PRD campaign theme seeks to chip away at one of the PLD's advantages -- Fernandez's excellent oratory skills -- by portraying the President as all-talk-and-no-action. Other key PRD campaign themes include charges that the incumbent government has spent too little on health and education; indebted the country and engaged in questionable contracting for the Santo Domingo subway system; and, raised taxes on three occasions while the working class sees little improvement in the delivery of government services.

16. (SBU) In a meeting with ECOPOLCOUNS and POLOFF, Orlando Jorge Mera, Secretary-General of the PRD, focused on his party's charge that President Fernandez is abusing government resources for political ends. When asked for specific examples, Jorge produced a binder filled with advertisements paid for by government ministries, in which the Fernandez administration's accomplishments were touted. Jorge noted that Fernandez's campaign slogan, "Let's move forward!", is used in the publicly funded materials, and claimed that government spending on advertisements has increased by 71 percent under PLD rule. The PRD leader also expressed strong concerns with the manner in which the President inaugurates public works projects, alleging that the presentations and speeches at many of the events give the clear impression of a political rally. Jorge said that his party believes the government's use of public funds represents a violation of campaign rules and that he had reported the PRD's findings to the OAS representative here. (Note: The OAS replied that they would forward the information to their headquarters and recommended that the PRD take the issue up with the Dominican Central Elections Board.)

POINTING FINGERS

17. (SBU) As part of its broad effort to portray the Fernandez administration as corrupt, the PRD recently alleged that the

President violated the constitution in seeking a \$130 million loan for public works. The PRD alleges that the loan did not have the required approval of Congress and that it is unclear where the borrowed funds were allocated. The opposition party provided reporters with documents related to the loan, a financial transaction which was handled by The Sun Land Corporation -- a U.S.-owned firm which is controversial because of suspicions (albeit unconfirmed) that its intermediary activity is designed to mask corruption. In its response, the PLD states that the loan was perfectly legal and that the PRD had also used Sun Land when they held the presidency. Civil society organizations, for their part, argued that both parties had violated the constitution by not seeking congressional approval for the loans.

18. (SBU) Garcia, the PLD campaign director, told EMBOFFs he was surprised that the PRD was focusing on corruption as a campaign issue, considering what he described as the high levels of graft in the last PRD administration. Garcia also told us that Vargas was vulnerable on the corruption issue, claiming that the party "has information" on the candidate's involvement with the Spanish citizens accused in the Marbella corruption scandal. Finally, Garcia claimed that Vargas had declared assets of US\$3 million upon entering the Mejia cabinet in 2000, and declared US\$5 million when he left office. How is it possible, the campaign director asked, for Vargas to have built a US\$20 million home in the Casa de Campo resort during that time?

THE WILD CARD

19. (SBU) Amable Aristy Castro, the candidate of the Social Christian Reform Party (PRSC), is the presidential race's wild card. Aristy's party is badly split and in search of a strategy that will give them a legitimate chance of winning the election. The PRSC went down to a humiliating defeat in the 2006 congressional elections after joining in a coalition with the PRD. Polls show Amable with 8-to-14 percent of the vote, and much of that is in Altagracia, the candidate's home province. Amable has gained headlines in recent days for his practice of handing out chickens and 100-peso notes at his campaign rallies. The PRSC's goal is to deny its opponents an absolute majority and push the election to second round. Amable would then be in a position to enter into negotiations over his endorsement for the two remaining candidates, in the hope of playing a powerbroker role.

COMMENT

110. (SBU) The conventional wisdom here is that Fernandez will win re-election, but the polls numbers reveal a situation which is not so clear. The President led his challenger by a range of only 3-to-7 percent in reliable polls from July and August. And despite GDP growth forecast by the IMF at 8 percent this year, opinion data shows several negative trends for the incumbent -- e.g. 40 percent of Dominicans believe the economy will improve next year, down from 50 a year ago; and, 36 percent believe the country is headed in the right direction, down from 46 last year. Clearly the working class and poor -- the vast majority of poll respondents -- do not view the strong economic growth as having positively affected their livelihood.

111. (SBU) The PLD won resounding victories in the 2004 presidential and 2006 legislative elections by running against the record of President Mejia and his PRD. In 2008, a key question will be whether -- with a new PRD leader and the economic crisis six years in the past -- the Dominican voters hand the PLD another victory based on the PRD's troubled past, or whether they will now demand that the PLD be judged based on its own, mixed record of government.

(U) This report and additional information can be found on Embassy Santo Domingo's SIPRNET site,
<http://www.state.sgov.gov/p/wha/santodomingo/>
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